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U.S. Local Governments Credit Brief: Massachusetts Municipalities Means And Medians

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This report does not constitute a rating action.

By the numbers – Massachusetts municipalities

237 Public GO ratings S&P Global Ratings maintains on Massachusetts municipalities

97% of ratings are on stable outlook

Key analytical themes

- High incomes, market values, and economic output
- Predictable revenue and disciplined budgeting practices that support generally balanced operations
- Widespread budget pressure from rising costs and tax levy limitations that constrain local revenue growth
- Long-term extreme coastal flooding risks

GO--General obligation. Source: S&P Global Ratings.

Overview

Most Massachusetts municipalities have demonstrated stable credit quality over the past year despite generally increased operating pressure. S&P Global Ratings maintains public ratings on 237 Massachusetts municipalities. Since July 8, 2024, we have lowered ratings on nine municipalities, primarily as a result of deterioration in financial performance or significant increases in direct debt. Four of the downgrades stemmed from the application of our "Methodology For Rating U.S. Governments" criteria, Sept. 9, 2024. We raised the rating on one municipality, Methuen, reflecting our view of its stabilized financial performance after emerging from commonwealth oversight. Four municipality ratings have a negative outlook (Greenfield, Hadley, Plympton, and Quincy) and two have a positive outlook (Ludlow and Wrentham).

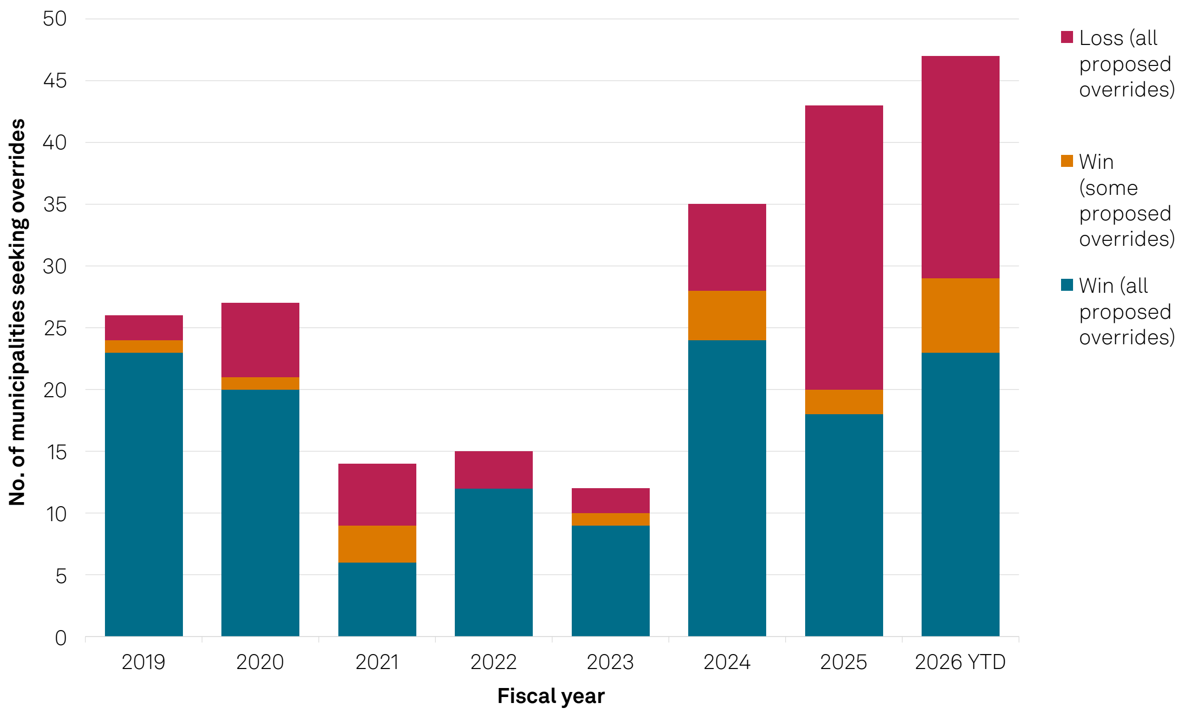
In our view, the largest credit pressure facing most Massachusetts municipalities is the likely continuation of costs outpacing revenue, which Proposition 2 1/2 limitations on property taxes restrict. Pressure has intensified over the past few years as inflation has outpaced levy limit growth, and American Rescue Plan Act and Elementary and Secondary School Emergency Relief funds used to ease operating pressures and address capital needs over the past few years have largely been expended. However, most municipalities have maintained disciplined budgeting practices that support credit quality, in many cases reducing expenditures to maintain balanced operating budgets and generating positive budgetary variance as the result of cautious budgeting assumptions. High resident incomes, large tax bases, and predictable revenue from property taxes and state aid also generally support local credit quality.

Credit Fundamentals	Potential Challenges
• Affluent local economies, with above-average per capita income (128% of the nation) and real GDP per capita (129%) among the highest in the nation in 2024, spurred by the high-paying professional, scientific, and technical services sectors, as well as market values that have risen significantly from pre-pandemic levels. Many rated municipalities are proximate to attractive employment opportunities in the Boston, Worcester, or Providence, R.I., metro areas. • Generally predictable revenue and expenditures and stable if slow-growing aid from the commonwealth, offsetting average reserve positions that trail those of similarly rated peers nationwide. Property taxes are the leading revenue source for most municipalities. • Steady operational performance during the past couple of years, bolstered by typically cautious budgeting practices, one-time federal revenue, and managements' willingness to limit expenditure growth to match revenue. Most school districts are departments of their respective municipalities with operations accounted for in the municipality's general fund. • Typically careful budgeting practices, regular budget monitoring, and at least some capital planning practices, though long-term revenue and expenditure forecasting practices vary across the rated universe.	• Growing construction/capital, labor, health care, and retirement costs will continue to pressure managements' ability to balance competing expenditure priorities below Proposition 2 1/2 levy limitations, although we make no rating distinction between municipalities' unlimited- and limited-tax pledges given that these limitations are included in our financial analysis. • Pension costs will rise for almost all local governments (LGs) ahead of the commonwealth's mandate that government pension plans be fully funded by 2040, though municipalities' ability to absorb these costs varies across the commonwealth. In many cases contribution costs are likely to continue outpacing LGs' budgetary growth, pressuring many municipal budgets. For more information, see "Pension Spotlight: Massachusetts," June 17, 2024. • Elevated environmental risks, in many cases (particularly along the coast and on Cape Cod and the islands), will worsen over the coming decades. Municipalities with stronger reserves, liquidity, and management practices are better positioned to address potential environmental risks to municipal operations and the tax base.

What We're Watching In 2025 And Beyond

Many LGs will face fiscal 2027 budgetary gaps as a result of rising expenditures such as salaries, health insurance premiums, pension and other postemployment benefit contributions, construction costs, and service contracts. Rising costs are often more challenging to manage for communities with minimal legal flexibility to raise property taxes under Proposition 2 1/2, a commonwealth law that sets a levy limit for each community, raises the levy by 2.5 percentage points annually, and adjusts for new development growth. Massachusetts Division of Local Services data indicate that more than half of municipal property tax levies (188 of 351) exceeded 99% of the LG's maximum permitted levy in fiscal 2025. Municipalities can raise their levy limit only with voter approval. An increasing number of municipalities have asked voters to approve operating overrides in the past three years, since the peak of the pandemic and when municipalities were receiving significant one-time federal funds. However, voters have shown mixed support for these tax increases, with lower approval rates than immediately before the pandemic. For fiscal 2026 to date, 23 municipalities have passed proposed overrides. An additional three have passed one or more override questions but rejected other proposed override questions, as a result of voters' either approving levy increases for some expenditures but rejecting others or voters' approving a smaller requested override after rejecting a larger initial proposal. Eighteen municipalities have rejected all proposed overrides.

More municipalities have sought Proposition 2 1/2 operating overrides over the past three years



Source: Massachusetts Division of Local Services, S&P Global Ratings. Fiscal year is the year in which the proposed override would take effect, even if the override election occurred during the prior fiscal year.

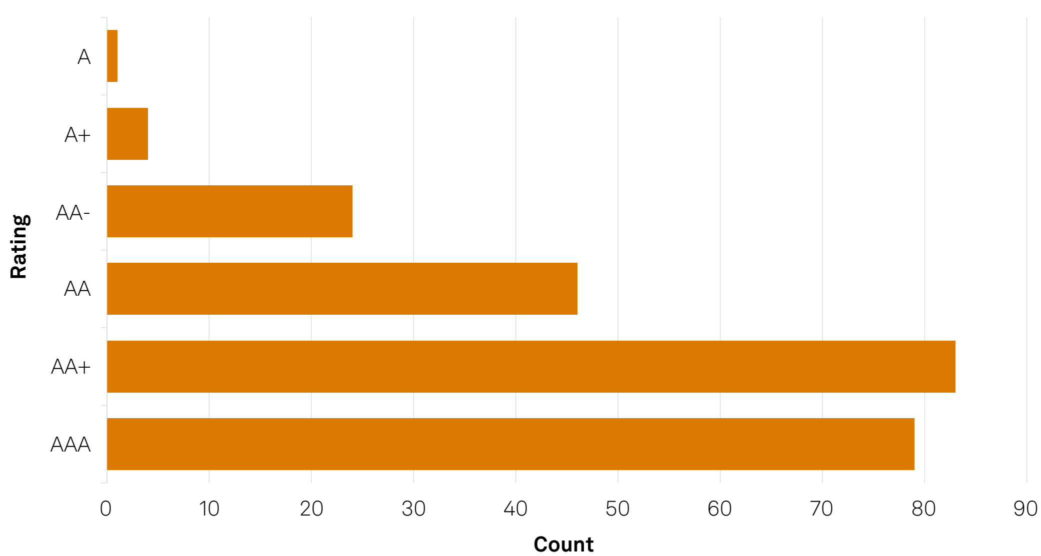
Most Massachusetts municipalities have maintained balanced operations in recent years despite the levy limitations by maintaining careful budgeting practices and resorting to cost-cutting measures--including layoffs--to address substantial budget gaps, supporting maintenance or growth of available fund balance. In our view, municipalities with flexibility under the levy limit or a demonstrated history of supporting operating overrides, recent and ongoing new growth, low retirement cost escalation, and proactive and forward-looking management are best positioned to absorb cost increases. Wealthier LGs are also generally better positioned to absorb cost increases, although their school departments' Chapter 70 (education) state aid growth has lagged that of less affluent districts. We expect that most municipalities will continue making budgetary adjustments as necessary to sustain balanced operations, but that those that do not, or do so by deferring costs such as adopting less aggressive pension funding schedules, could face rating pressure.

Massachusetts school building construction costs have vastly outpaced inflation, with new construction costs for Massachusetts School Building Authority-supported projects reaching $653 per square foot as of Dec. 31, 2022 (the latest index date available) compared with $439 in 2018 and $264 in 2009. We expect these costs to continue increasing. While the authority continues to fund a share of construction costs for projects accepted into its program, municipalities whose debt burdens materially increase as the result of debt issuance for large school projects could face rating pressure, even if the projects are excluded from Proposition 2 1/2 limitations.

Spotlight On Environmental, Social, And Governance Factors

The commonwealth's economic and population center in Boston, along with significant population and regional economic centers along and near the coastline, translates to heightened physical risk from storms, flooding, and sea-level rise. We expect these risks to escalate over the coming decades; projections show that counties with coastal flood exposure will see their average annual likelihood of surpassing historical one-in-100-year flood depths rise from 1.3% in the 2020s to 3.6% by the 2050s and 7.8% by the 2060s. The commonwealth's Municipal Vulnerability Preparedness program provides some assistance, but municipalities will likely face increasing budgetary pressure from implementing resiliency efforts and funding capital infrastructure projects to support adaptation measures.

Massachusetts municipalites ratings distribution



Source: S&P Global Ratings.

Massachusetts municipality medians

As of Oct. 22, 2025

	State median	AAA	AA+	AA	AA-	A+	A
GCP as % of the U.S.	88.04	118.54	80.19	80.19	76	86.08	84.12
County PCPI as % of the U.S.	120.08	154.63	120.08	120.08	98.1	110.4	100.71
Local HHEBI as % of the U.S.	130.96	167.65	133	117.91	94.23	76.58	69.87
Local PCEBI as % of the U.S.	135.41	171.54	132.77	119.92	86.03	74.17	85.33
Three-year performance average as % of revenue	2.18	2.72	2.45	1.83	1.8	1.82	1.6
Available reserves as % of operating revenue	20.78	21.14	23.01	18.2	16.09	14.38	9.16
Debt service as % of revenue	3.82	4.27	3.76	3.81	2.95	2.28	1.19
Net direct debt per capita ($)	2,864	3,255	2,717	2,499	2,422	2,387	593
Pension contribution as % of revenue	7.21	6.72	7.2	8.32	6.79	7.43	8.92
Net pension liability per capita ($)	1,925	2,220	1,692	1,872	1,691	2,360	990

GCP--Gross county product. HHEBI--Household effective buying income. PCEBI--Per capita effective buying income. PCPI--Per capita personal income.

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

This list was prepared by individuals on behalf of the USPF Group of S&P Global Ratings and is current as of Nov. 4, 2024. For the most up-to-date, accurate, and complete information on any credit ratings referenced in this list, please visit www.standardandpoors.com.

Entity	Rating	Outlook
Abington	AA	Stable
Acton Town	AAA	Stable
Acushnet Town	AA+	Stable
Adams Town	AA-	Stable
Agawam	AA	Stable
Amesbury	AA	Stable
Amherst	AA+	Stable
Andover	AAA	Stable
Arlington	AAA	Stable
Athol Town	AA-	Stable
Attleboro	AA	Stable
Auburn	AA+	Stable
Avon Town	AA+	Stable
Ayer Town	AA+	Stable
Barnstable	AAA	Stable
Bedford Town	AAA	Stable
Belchertown	AA	Stable
Bellingham Twn	AA+	Stable
Belmont Town	AAA	Stable
Berlin Town	AA+	Stable
Beverly	AA+	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Billerica Town	AA+	Stable
Bolton Town	AAA	Stable
Boston	AAA	Stable
Bourne Town	AA+	Stable
Boxborough Town	AAA	Stable
Boxford	AAA	Stable
Braintree	AA	Stable
Brewster Town	AAA	Stable
Brimfield Town	AA+	Stable
Brockton	AA-	Stable
Brookline	AAA	Stable
Buckland	AA-	Stable
Burlington	AAA	Stable
Cambridge	AAA	Stable
Canton Town	AAA	Stable
Carver Town	AA	Stable
Charlton Town	AA+	Stable
Chatham	AAA	Stable
Chelmsford Town	AAA	Stable
Chelsea	AA	Stable
Chicopee	AA-	Stable
Chilmark Town	AAA	Stable
City of Watertown	AAA	Stable
Clinton Town	AA+	Stable
Cohasset Town	AAA	Stable
Colrain	AA-	Stable
Danvers Town	AA+	Stable
Dartmouth	AAA	Stable
Dedham	AAA	Stable
Dennis	AAA	Stable
Dracut Town	AA	Stable
Dudley Town	AA-	Stable
Duxbury Town	AAA	Stable
East Bridgewater	AA	Stable
East Longmeadow Town	AA+	Stable
Easthampton	AA+	Stable
Edgartown Town	AAA	Stable
Egremont Town	AA	Stable
Erving Town	AA	Stable
Essex	AA+	Stable
Everett	AA+	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Fairhaven Town	AA+	Stable
Falmouth Town	AAA	Stable
Fitchburg	AA-	Stable
Foxborough Town	AAA	Stable
Framingham	AA	Stable
Franklin Town	AAA	Stable
Freetown	AA+	Stable
Gardner	AA-	Stable
Gloucester	AA	Stable
Grafton Town	AA+	Stable
Granby	AA	Stable
Greenfield	AA-	Negative
Groton Town	AAA	Stable
Hadley	AAA	Negative
Halifax Town	AA+	Stable
Hamilton Town	AAA	Stable
Hampden Town	AA+	Stable
Harvard Town	AAA	Stable
Harwich	AAA	Stable
Hatfield	AA-	Stable
Haverhill	AA	Stable
Hingham Town	AAA	Stable
Holden	AA+	Stable
Holliston	AAA	Stable
Holyoke	A+	Stable
Hopkinton Town	AAA	Stable
Hudson Town	AA	Stable
Hull	AA	Stable
Ipswich Town	AAA	Stable
Lakeville	AA+	Stable
Lawrence	A+	Stable
Lee Town	AA+	Stable
Leicester Town	AA+	Stable
Lenox	AAA	Stable
Leominster	AA	Stable
Leverett Town	AA	Stable
Lexington Town	AAA	Stable
Lincoln Town	AAA	Stable
Longmeadow Town	AA+	Stable
Lowell	AA-	Stable
Lunenburg	AA+	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Lynn	A+	Stable
Lynnfield	AA+	Stable
Malden	AA	Stable
Manchester-By-The-Sea	AAA	Stable
Mansfield	AA+	Stable
Marblehead Twn	AAA	Stable
Marion Town	AAA	Stable
Marlborough	AAA	Stable
Marshfield Town	AA+	Stable
Mashpee Town	AAA	Stable
Mattapoisett	AAA	Stable
Medford	AA+	Stable
Melrose	AA+	Stable
Mendon	AA+	Stable
Merrimac	AA+	Stable
Methuen	AA	Stable
Middleborough Town	AA	Stable
Middleton	AA+	Stable
Millbury Town	AA	Stable
Milton	AAA	Stable
Monson Town	AA	Stable
Montague Town	AA	Stable
Nantucket Town	AA+	Stable
Natick Town	AAA	Stable
New Bedford	AA-	Stable
Newbury	AAA	Stable
Newburyport	AAA	Stable
Newton	AAA	Stable
Norfolk Town	AA+	Stable
North Adams	A	Stable
North Andover	AAA	Stable
North Attleborough	AA+	Stable
North Brookfield Town	AA-	Stable
Northampton	AAA	Stable
Northbridge Town	AA+	Stable
Norton Town	AA+	Stable
Norwell Town	AAA	Stable
Norwood	AA+	Stable
Oak Bluffs	AA+	Stable
Orange Town	AA-	Stable
Orleans Town	AAA	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Otis	AA	Stable
Palmer	AA-	Stable
Pembroke Town	AA	Stable
Pittsfield	A+	Stable
Plympton	AA	Negative
Quincy	AA-	Negative
Randolph Town	AA	Stable
Raynham	AA+	Stable
Reading	AAA	Stable
Revere	AA	Stable
Richmond	AA+	Stable
Rochester	AA+	Stable
Rockland Town	AA	Stable
Rockport Town	AA+	Stable
Rowley Town	AA+	Stable
Rutland Town	AA	Stable
Salem	AA	Stable
Salisbury	AA	Stable
Sandwich Town	AA+	Stable
Scituate Town	AA+	Stable
Seekonk Town	AA+	Stable
Sherborn	AAA	Stable
Shirley	AA	Stable
Shrewsbury	AAA	Stable
Somerville	AAA	Stable
Southampton Town	AA-	Stable
Southbridge Town	AA-	Stable
Springfield	AA-	Stable
Sterling	AA+	Stable
Stockbridge Town	AA+	Stable
Stoughton	AA	Stable
Stow Town	AAA	Stable
Sturbridge Town	AA+	Stable
Sudbury	AAA	Stable
Sutton Town	AA+	Stable
Swansea Town	AA+	Stable
Taunton	AA+	Stable
Tewksbury Town	AA+	Stable
Tisbury	AA+	Stable
Topsfield	AAA	Stable
Town of Ashland	AAA	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Town of Eastham	AA+	Stable
Town of Great Barrington	AA+	Stable
Town of Holbrook	AA-	Stable
Town of Kingston	AA+	Stable
Town of Littleton	AAA	Stable
Town of Ludlow	AA-	Positive
Town of Medway	AAA	Stable
Town of Needham	AAA	Stable
Town of Plymouth	AA+	Stable
Town of Provincetown	AA+	Stable
Town of Saugus	AA+	Stable
Town of Sharon	AA	Stable
Town of Southborough	AAA	Stable
Town of Southwick	AA	Stable
Town of Stoneham	AA+	Stable
Town of Swampscott	AAA	Stable
Town of Upton	AA+	Stable
Town of Walpole	AAA	Stable
Town of Winchendon	AA	Stable
Truro Town	AA+	Stable
Twn of Groveland	AA+	Stable
Tyngsborough Town	AA+	Stable
Uxbridge Town	AA	Stable
Wakefield Town	AA+	Stable
Waltham	AA+	Stable
Ware	AA	Stable
Wareham	AA+	Stable
Webster Town	AA	Stable
Wellfleet	AA+	Stable
Wenham Town	AAA	Stable
West Boylston Town	AA+	Stable
West Bridgewater	AA+	Stable
West Newbury	AAA	Stable
West Springfield	AA	Stable
West Tisbury Town	AA+	Stable
Westborough Town	AAA	Stable
Westfield	AA	Stable
Westford Town	AAA	Stable
Westhampton	AA-	Stable
Westminster	AAA	Stable
Weston	AAA	Stable

Massachusetts municipalities: ratings list

As of Nov. 4, 2025

Westwood	AAA	Stable
Weymouth	AA	Stable
Wilbraham	AA+	Stable
Williamsburg Town	AA+	Stable
Wilmington	AAA	Stable
Winchester	AAA	Stable
Winthrop	AA+	Stable
Woburn	AAA	Stable
Worcester	AA-	Stable
Wrentham Town	AA+	Positive
Yarmouth	AA+	Stable